

# City of Detroit

## CITY COUNCIL

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TO: COUNCIL MEMBERS

FROM: Irvin Corley, Jr., Director *ICJ.*  
Derrick Headd, Fiscal Staff Analyst *DH*

DATE: January 10, 2007

RE: Review of 2007 Guidelines for Property Tax Exemption  
**Recommend approval**

On Friday January 5, the 2007 Guidelines for Property Tax Exemption appeared on Council's calendar for Council's authorization. We asked your Honorable Body to bring this item back in a week, or January 12<sup>th</sup>, to give us an opportunity to review the guidelines. Our review of the guidelines led us to a list of questions for the Board of Review staff. Based on the answers we received from the Board staff, we **recommend approval of the guidelines.**

Below for your information, we have included the questions and answers (in bold) to the questions below on the document entitled "Detroit Citizens Board of Review Process for Reviewing Hardship Application":

1. Under number 2, a statement "any applicant with this set of circumstances must submit signed legal and/or medical documentation to the Board of Review" was added, referring to an applicant that has suffered a substantial loss of income since the date of purchasing his/her homestead. Why was this language added? Is the Board of Review just codifying the type of documentation needed to substantiate a "substantial loss of income"?

**BOR: Yes, to establish criteria to substantiate substantial loss of income since the date of purchase.**

2. Under number 3, 2007 would be the second year when a taxpayer could receive a partial (50%) exemption if the taxpayer's household income does not exceed \$2,500 over the stated guidelines for full exemption. Why did the Board of Review decide it was necessary to grant partial exemptions?

**BOR: The law permits it. The Board wants the ability to accommodate individuals whose income slightly exceed the guidelines, but have an income that is low nonetheless.**



3. Also under number 3, it is noted that the applicant is required to complete a 5-page application form, but I only see a 4-page form. However, I do see a form entitled "Petition to City of Detroit March Board of Review to be completed by Owner of Homestead". Is this considered the fifth page?

**BOR: Yes**

4. Also under number 3, the following language was added, "the applicant is also required to submit to the Board of Review the most current report card (or transcript) for all school aged persons residing at the property". Why was this language added? Is the Board of Review simply getting more information from the applicant to substantiate the number of children residing in the applicant's home?

**BOR: Yes, the required school documentation verifies household occupancy.**

5. Number 4 represents the household income thresholds the Board of Review uses in determining exemptions. I noticed that the "maximum income for full exemption" levels for certain number in household have remained the same for the last four years. \$2,500 is just added to each income level to get the "maximum income for partial exemption" levels for certain number in household, which is the same as last year. In addition, the Board of Review levels are \$3,000 to \$5,000 higher than the Federal Poverty Guidelines, which appear is consistent with the past. Is the Board of Review, however, using another set of guidelines for low-income persons to come up with the suggested higher household income levels?

**BOR: Yes, these are the guidelines established by the Board.**

6. Also under number 4, it is indicated that the "total household assets (i.e. bank accounts, rental properties) shall not exceed \$5,000". From 2004 to 2006, the figure was \$4,000. Why the increase to \$5,000?

**BOR: To accommodate for emergency costs (funeral costs, etc.).**

7. For trend purposes, please provide the following: **Ans. Forthcoming (a & c)**
- The number exemptions approved by the Board of Review for the years 2003, 2004, 2005 and 2006.
  - The number of partial exemptions granted by the Board of Review for the years 2003, 2004, 2005 and 2006.

**BOR: No partials for the years 2003 & 2004. The numbers for 2005 & 2006 are forthcoming.**



- c. The amount of property tax revenue lost as a result of the exemptions granted by the Board of Review in the years 2003, 2004, 2005 and 2006.
- d. Of the taxpayers receiving exemptions in 2006, how many did Finance grant to be exempted from paying the \$300 garbage fee?

**BOR: This is Finance Treasury issue.**

Please contact us if we can be of any further assistance.

cc: Council Divisions  
Auditor General's Office  
Roger Short, Chief Financial Officer  
Julie Castone, Assessors  
Eloreen, Smothers, Assessors  
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